

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 57725

CITY OF ROSLYN

Kittitas County, Washington

January 1, 1994 through December 31, 1995

Issue Date: September 13, 1996

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CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

**Independent Auditor's Report On Compliance With Laws And Regulations
At The Financial Statement Level (Plus Additional State Compliance
Requirements Per RCW 43.09.260)**

City Council
City of Roslyn
Roslyn, Washington

We have audited the financial statements, as listed in the table of contents, of the City of Roslyn, Kittitas County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated July 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Roslyn is the responsibility of the city's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the city's compliance with certain provisions of laws, regulations, contracts, and grants.

We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the city complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the city's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the city and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*. However, we noted instances of noncompliance immaterial to the financial statements which are identified in the Schedule of Findings accompanying this report.

This report is intended for the information of management and the city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

July 3, 1996

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

Independent Auditor's Report On Internal Control Structure
At The Financial Statement Level

City Council
City of Roslyn
Roslyn, Washington

We have audited the financial statements of the City of Roslyn, Kittitas County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated July 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the city is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the city, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk

that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

July 3, 1996

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

Schedule Of Findings

1. Traffic Citations Should Be Audited Monthly In Accordance With RCW 46.64.010

During our review of the police department's citations, we noted that the citations are not being audited monthly as per RCW 46.64.010 which states in part:

Every record of traffic citations required in this section shall be audited monthly by the appropriate fiscal officer of the government agency to which the traffic enforcement agency is responsible.

Auditing the statements monthly helps to ensure proper reporting and that citations are not missing.

We recommend the city police department audit the citations monthly to be in compliance with RCW 46.64.010.

Auditee's Response

There is going to be a monthly audit of the citations and the disposition of any issued citations by myself. The Mayor or his delegate will be auditing my citations monthly. This will begin in the month of August.

2. The Police Department Should Record Citations In A Log When They Are Issued To Officers

During our review of the police department's citations, we noted that unused citation books are not logged as the books are issued to the officers.

The American Institute of Certified Public Accountants in its *Codification of Statements on Auditing Standards*, AU 320 states in part 27:

Accounting controls comprise the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records

Keeping a log of citations, allows the department to track citations and ensure that no citations are missing.

We recommend that all unused citation books be recorded in a log when issued to the officers.

Auditee's Response

I currently have a log of all citation books which requires a signature from the officer to whom the citation book is issued to. All citations have been inventoried and placed on this log. There are still missing citation books and I am currently trying to research their whereabouts.

3. Controls Over The Evidence Held For Trial Should Be Established

During our review of the police department's evidence room we noted the following internal control weaknesses:

- a. There is no system in place for tracking evidence.
- b. Evidence is not disposed of after the case has been adjudicated.
- c. The keys to the evidence locker are on the city's master lock list which means the evidence room is accessible to other city employees not related to the police department.

The Washington Association of Sheriffs and Police Chiefs (WASPC) Manual) WASPC Accreditation Program, 2nd Edition, by Dr. Robert Landon, Section 35) COLLECTION AND PRESERVATION OF EVIDENCE emphasizes the need for controlling items placed under the supervision of the police department. Section 35.1 requires the agency to have written procedures for collection, identification, preservation, and transmittal of evidentiary items. At 35.2, the WASPC manual further requires the agency to establish a system for the secure and proper recording, storage, classification, retrieval, and disposition of all evidentiary, recovered, and found property under the protective custody of the agency.

The internal control weaknesses are attributable to the lack of written policies and procedures and inconsistently applied practices.

Without proper internal controls, the police department cannot adequately safeguard evidence room property and ensure adherence to procedures over its disposition.

We recommend that the city develop written policies and procedures governing the disposition of evidence room property and that they be consistently followed.

We also recommend that evidence be locked in a secure place with access limited to the police chief and the mayor.

Auditee's Response

Evidence: I have established an evidence log to track all evidence. Also I have changed the report forms to include an evidence/property page which allows me another way of tracking evidence and property.

I have started separating evidence that have no markings showing ownership and appear to have no evidentiary or monetary value for destruction. As time permits, I will be researching the rest of the old evidence to determine the disposition of their case to determine if that evidence needs to be destroyed or returned to the owners.

Evidence lockers/locks: I have changed all the locks on the evidence lockers. The procedure now is that the officers will place the evidence into locker number one and I will take the evidence from that locker and place it into another locker after logging it into the evidence log. I am the only one that will

have a key to all of the other evidence lockers. Only myself and the other officer will have the key for the lock on evidence locker one. All extra keys to the evidence locker will be placed in a sealed envelope which will be secured in the City vault.

I am also working on a department policy and procedures manual that will cover citation and evidence procedures more indepth.

Auditor's Concluding Remarks

We appreciate the city's cooperation. We will review the actions taken during our next audit.

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

**Independent Auditor's Report On Financial Statements And Additional
Information**

City Council
City of Roslyn
Roslyn, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the City of Roslyn, Kittitas County, Washington, for the fiscal years ended December 31, 1995 and 1994. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the city prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the City of Roslyn for the fiscal years ended December 31, 1995 and 1994, on the cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Debt and Schedules of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 3, 1996, on our consideration of the city's internal control structure and a report dated July 3, 1996, on its compliance with laws and regulations.

Brian Sonntag
State Auditor

July 3, 1996

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

Independent Auditor's Report On Supplementary Information
Schedule Of Federal Financial Assistance

City Council
City of Roslyn
Roslyn, Washington

We have audited the financial statements of the City of Roslyn, Kittitas County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated July 3, 1996. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the City of Roslyn taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag
State Auditor

July 3, 1996

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

**Independent Auditor's Report On Compliance With The General Requirements
Applicable To Federal Financial Assistance Programs**

City Council
City of Roslyn
Roslyn, Washington

We have audited the financial statements of the City of Roslyn, Kittitas County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated July 3, 1996.

We have applied procedures to test the city's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the fiscal year ended December 31, 1995:

- Political activity
- Davis-Bacon Act
- Civil rights
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements, including subrecipient monitoring

The following requirements were determined to be not applicable to its federal financial assistance programs:

- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the city's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the city had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also

serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

July 3, 1996

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

Independent Auditor's Report On Compliance With Specific Requirements
Applicable To Nonmajor Federal Financial Assistance Program Transactions

City Council
City of Roslyn
Roslyn, Washington

We have audited the financial statements of the City of Roslyn, Kittitas County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated July 3, 1996.

In connection with our audit of the financial statements of the city and with our consideration of the city's control structure used to administer its federal financial assistance programs, as required by OMB Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the fiscal year ended December 31, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing allowability of the program expenditures that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the city's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Roslyn had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

July 3, 1996

CITY OF ROSLYN
Kittitas County, Washington
January 1, 1994 through December 31, 1995

**Independent Auditor's Report On Internal Control Structure Used In
Administering Federal Financial Assistance Programs**

City Council
City of Roslyn
Roslyn, Washington

We have audited the financial statements of the City of Roslyn, Kittitas County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated July 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit, we considered the city's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated July 3, 1996.

The management of the city is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting.
- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of

changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
 - Cash receipts
 - Purchasing
 - Payroll
 - General ledger
- **General Requirements**
 - Political activity
 - Davis-Bacon Act
 - Civil rights
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
 - Administrative requirements, including subrecipient monitoring
- **Specific Requirements**
 - Types of services
 - Matching, level of effort, earmarking
- **Claims For Advances And Reimbursements**
- **Amounts Claimed Or Used For Matching**

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

- **Accounting Controls**
 - Cash disbursements
 - Receivables
 - Accounts payable
 - Receiving
 - Inventory control
 - Property, plant, and equipment
- **General Requirements**
 - Cash management
 - Relocation assistance and real property acquisition
 - Federal financial reports
- **Specific Requirements**
 - Eligibility
 - Reporting
 - Special requirements

During the fiscal year ended December 31, 1995, the city had no major federal financial assistance programs and expended 62 percent of its total federal financial assistance under the following nonmajor federal financial assistance program: EDA) Title IX (CFDA 11.307).

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structures policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses, as defined above.

This report is intended for the information of management and the city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

July 3, 1996